

(14)

CA PADMA JAIN AUDIT CHAPTER-2 (3)
BASIC CONCEPTS IN AUDITING

Q13 A/cing Policies

[F C G C F I R (on) C D]

- F - Inventories, F - valuation of Fixed Assets
- C - Construction Expenditure, G - Goodwill Treatment
- C - Long Term Contracts profits
- F - Conversion of Foreign currency items
- I - valuation of Investments
- R - Treatment of Retirement benefits
- C - " " Contingent Liabilities
- D - Method of Depreciation

Q14. Factors influencing A/s judgement as to what
is sufficient appropriate evidence

R - TIME

R - Degree of Risk of misstatement

T - Trend indicated by A/cing Ratios

M - Materiality E - Experience during previous audits

R - Results of Auditing procedures.

Factors affecting Degree of Risk of Misstatement

[F S I M]

I - nature of Items, F - Financial position of the entity

S - " and Size of businesses carried out by the ".

I - adequacy of Internal Control

M - Situations that may exert unusual
Influence on Management

CA PADMA JAIN AUDIT CHAPTER-3 (4)

Preparation for an Audit

Q2 Features of Test checking

FIVE ISS

- F - Full coverage over a period of time
- L - coverage of Material Items
- V - variation in method, E - Estimation process
- I - Indgement based, S - scientific
- S - Surprise element.

Q4. items not suitable for Test checking

BSNL BEES

- B - BRS, S - Transaction Small in no.
- N - Non-Recurring Transaction, L - Trans. Less recognised
- B - B/s items, E - op. + closing Entries
- E - matters involving Estimation
- S - Seasonal industry

Q5 Limitations of Test checking

U BUSH

- U - unreliable, B - Native + Baised
- U - unscientific, S - seasonal nature of business
- H - Higher Risk.

Q7 Precautions while following Test checking

SENTE SAM

- S - Stratifcation, E - Exceptions, N - NO. of Sample items
- T - Test check plan, I - Internal Control
- S - Sample selection, A - Audit in Depth
- M - Materiality.

CA PADMA JAIN AUDIT CHAPTER-3 (5)

Preparation for an Audit

Q8 Examination in Depth

ओर OA - operational, Acing

ओर RA - Records, Authority
Representative

Explain the functioning

next time, sample will be smaller

Q10 Advantages of statistical Sampling

ओर OA MCD

O - objective sample, A - Amount of testing

M - estimate Minimum Sample Size

C - derive a Calculated Risk

D - Better Description of large mass of data

Q13 Matters considered to develop overall Audit Plan

SPR, WTP (plan) TREE (in) LSR, CP

S - conditions requiring Special attention

I - Internal Auditors, R - nature + timing of Reports, B - Branch Auditors, J - Joint Auditors

P - Acing Policies, T - Terms of Audit engagement

R - Reliance on Acing system and I.C.

E - Experts, E - NTE of evidence, L - Legal requirements

S - staff requirements, R - Rotation of emphasis

C - critical audit areas, P - Pronouncements on Acing + Auditing

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Page 16 of 34

CA PADMA JAIN AUDIT CHAPTER-3 (7)

Preparation for an Audit

Q18 Advantages of Continuous Audit

MET D PUFFF

M - Moral check, E - Errors, T - In ~~Ball~~ Touch with client's business, D - Detailed checking
P - Pressure at the end, U - A/c's up to date
F - Fraud, F - Frauds, F - Final A/c

Avoidance of Disadvantages

N ISBT

N - Nominal A/c, I - Irregular intervals
B - Balances, S - up to a definite stage
T - Ticks

Q20 Working papers should provide for CISE [Qty.]

C - Controlling, I - Information about the business
S - schedules supporting for additional items
E - Evidence

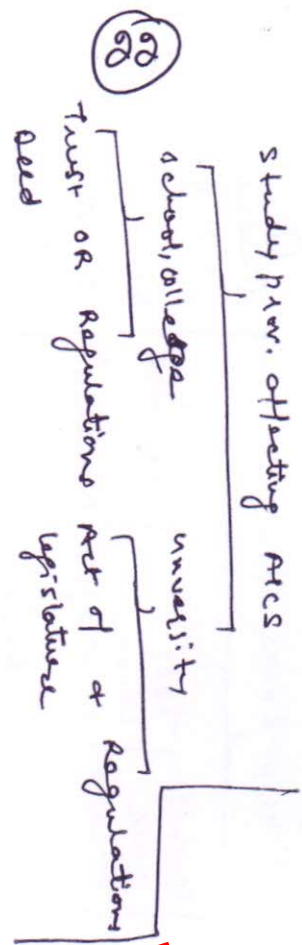
Importance of W. papers

DCE SENDS IQ (results of) GPRS

D - Demonstrate the audit work
C - conclusions, E - Evidence, S - SA followed,
E - Evidence, N - NTE of evidence
D - Delegation, S - Supervision & review of work
I - Inspection, Q - Quality control Review.
G - Guidance to audit staff, P - Planning & performing, R - Responsibility, S - Standardize the W. papers

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Page 18 of 34

Educational Institutions (School, college, university)



Mtg. of managing committee

- Minutes
- Resolution
- pluses for

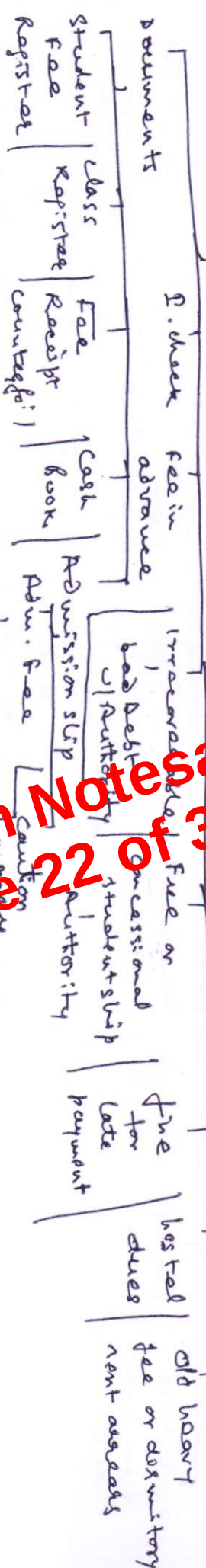
Tax

Annual statement of A/c separate for

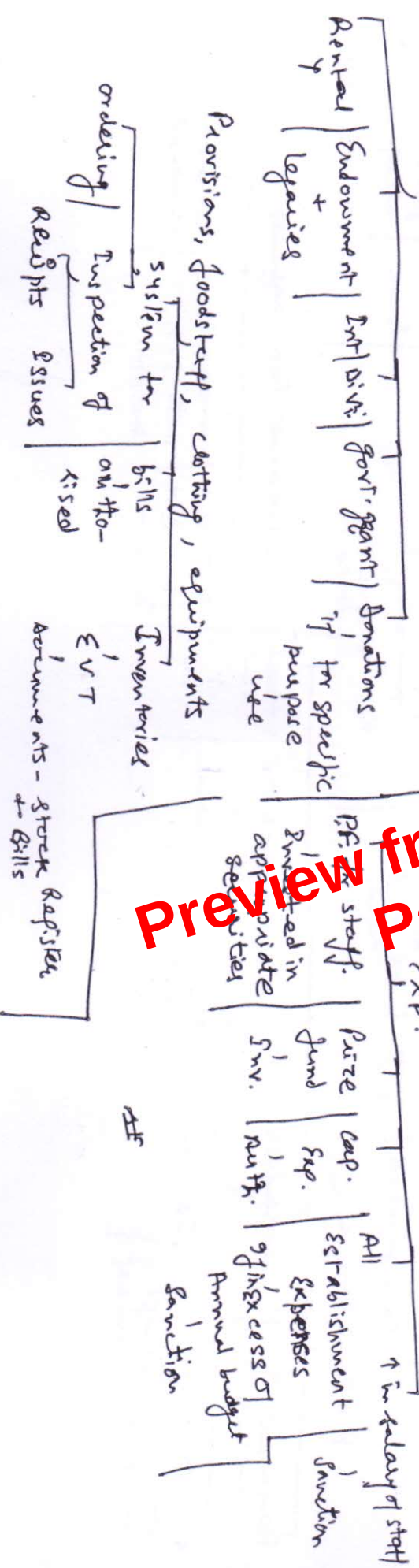
Poor Boys / Girls / Hosted / P.F. fund

staff

Fees



Income (Y)



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